



# Hardest Hit Fund

**Marion County**

# Hardest Hit Fund Blight Elimination Program



- Funds come from Indiana's Hardest Hit Fund. The US Department of Treasury established the Housing Finance Agency Innovation Fund to provide financial assistance to families in the states most impacted by the downturn of the housing market.
- Of the \$221.7 million Indiana received from the US Department of the Treasury, \$191.4 million was allocated for homeowner assistance. As of December 31, 2013, approximately \$29.5 million dollars in mortgage payments have been paid on behalf of qualifying home owners. Another \$63 million has been set aside to provide direct mortgage payment assistance to homeowners enrolled in the program. The IHCDCA received Treasury approval to spend \$75 million of the remaining funds to eliminate blight.
- The Hardest Hit Fund Blight Elimination Program would allow IHCDCA and IFPN (Indiana Foreclosure Prevention Network) to further stabilize homeowner property values and prevent foreclosures in communities across Indiana.
- IHCDCA is administering the process, but is being directed by US Treasury.
- Existing HHF programs will remain in place

# Breakdown of Funds



- **ALL APPLICATIONS ARE FOR LOANS FROM IHCD, NOT GRANT DOLLARS**
  - Loan values will decrease by 33.3% per year and expire January 1, 2017
  - All net proceeds from sales revert to HHF for future dispersal.
- **State of Indiana has been divided into 6 funding divisions.**
- **Marion County has been put into funding division 1 with Lake County.**
- **There is \$16.1 million to be awarded between Marion and Lake Counties.**
- **All funding is by application & competitively scored**
- **A maximum \$15,000 is available per property for properties without a basement (a waiver for additional monies may be applied for in extreme situations)**
- **A maximum \$25,000 is available per property for properties with a basement (No single property may exceed this amount)**

# Property Eligibility Requirements



- Must have a Program Partner
  - US Treasury will not allow the loan to be directly to municipal governments.
- Residential properties only
  - No brownfields, commercial, Industrial, mixed use, etc
  - Presents a challenge for aggregation for large scale redevelopment.
- Must be vacant
- Must be under 4 units
- Must score sufficiently on the Site Evaluation Matrix
- May not be listed on a local, state or national historic register

# How Are The Properties Scored?



- **Properties are scored on 10 categories in three blocks:**
  - BLOCK ONE (up to 20 points available for each category)
    - Habitability of Property
    - Structural Damage
    - Location of Property
    - End Use
  - BLOCK TWO (up to 8 points available for each category)
    - Lead Based Paint
    - Mold
    - Asbestos
  - BLOCK THREE (no maximum score)
    - Public Safety
    - Community Partners



# Site Evaluation Matrix



- **To score highest on the matrix in block one, the property must be:**
  - Not habitable
  - Condemned due to fire/water or water structural damage, not possible to board the structure
  - Within one mile of a Brownfield and/or 3 blocks within a school, park, library or community center
  - End use must have been determined by applicant with an identified program partner(s).
- **Marion county properties are unlikely to get a maximum score**
  - The City used ReBuild Indy dollars to demolish nearly 2,000 blighted properties over the last 4 years. Many of our most blighted properties have already been removed. While blight always continues to accumulate, we are ahead of the battle at this time.

# Site Evaluation Matrix



- **To score highest on the matrix in block two, the property must be:**
  - Documented Lead based paint existence and/or code violation has been levied
  - Mold has been documented throughout structure
  - Asbestos is believed to be contaminating the property

# Site Evaluation Matrix



- **To score highest on the matrix in block three, the property:**
  - Property will be assessed points for every police, fire and/or emergency run in the last calendar year
  - An NFP, CDC, community partner or other entity has been identified for this project.



# Allowable Expenses



- **The Blight Elimination Program funds can be used for these costs, they are:**
  - Partially eligible cost
    - **Property maintenance up to \$750.00 annually for a period not to exceed three years**
    - **Up to \$250.00 annually in administrative costs for a period not to exceed three years**
    - Additional greening and/or lot improvement post demolition, but not end use.
  - Ineligible Cost
    - Closing costs for sale post demolition
    - Realtors fee for sale post demolition
    - Realtors fees in excess of 6% for acquisition
    - Administrative costs for drafting and review of vendor contracts
    - Attorney fees associated with negotiation or litigation of vendor contracts

# Allowable Expenses



## – Eligible costs

- **Environmental assessments**
- **Legal noticing and advertisement for bids**
- **Title work (up to \$300.00)**
- **Deconstruction costs**
- **Asbestos removal**
- **Clearance of improvements, including poles, fences, driveways, walkways, patios and walls**
- **Payment of past due real property taxes in furtherance of acquisition (up to \$7,500 or \$12,500)**
- **Payment of past due assessments for sewer, water, trash or tax referendums (up to \$1,000 per property)**
- **Removal of debris and garbage from illegal dumping**
- **Acquisition of residential property for demolition**
- **Removal of underground storage tanks**
- **Asbestos survey**
- **Architectural engineering costs and estimates**
- **Permits and inspection fees**
- **Removal of associated structures (garages, storage shed and barns)**
- **Salvage costs**
- **Hazardous materials removal**
- **Removal and/or filling of capping of septic systems and wells**
- **Acquisition of property via purchase of outstanding tax sale certificate**
- **Cost of litigation to foreclose demolition lien (up to \$1600.00)**
- **Payment for past due utilities or school costs recorded as liens against the real estate (up to \$500.00)**
- **Other expenses approved on a case by case basis by IHCD**

# Initial Steps



- **DMD is currently reviewing its inventory, County surplus properties, and outstanding demolition orders to identify areas of strategic focus for these efforts.**
- **DMD continues to take public input from Councilors, State Representatives, CDC's, neighborhood groups and members of the public to identify blight in their communities.**
- **DMD is organizing a public meeting for February 28<sup>th</sup> to publicly discuss the parameters of eligible uses, restrictions on these dollars, and the general application process**
- **While we welcome all input, we continue to remind everyone that this is a competitive application process and a third party partner must be involved. Not all blight will be eligible. Properties will not necessarily be prioritized by the current condition of the property, but by all factors and possibility of successful application to IHCD.**

# Process



- **DMD must be the applicant for all demolition applications, but a third party must hold title at the time of demolition**
  - To create complete applications, DMD will be contracting for the pre-demolition work of environmental testing, bid package creation, and cost estimates along with our third party partners.
  - We believe these costs can be recuperated on successful applications.
  - All properties that we want to demolish, but do not have an identified partnership for, will be vetted with Renew Indianapolis to be the property holder for the demolitions and holding until the expiration of the loans.
- **DMD will process all properties through regular demolition processes up to the Notice to Proceed being issued for demolition or environmental remediation.**



# Program Partner requirements:

You will be required to provide the following



- **Organizational chart, staff and board roster, financial overview of the entity, narrative history, brief narrative history of the entities applicable work experience and brief of the entities relationship with the applicant**
- **Program partners that are not-for-profit corporation under section 501(c)3 or 501(c)4 of the IRS Code must include copy of IRS determination letter**
- **Not-for-profit program partners, sub-recipients, and administrators must provide proof of organization from State of Indiana**
- **Any and all Program partners must submit a Certificate of Organization from Indiana Secretary of State**
- **Excel spreadsheet with the following information for each qualifying structure:**
  - Common address of the property
  - Abbreviated legal description of the property
  - Current owner of the property
  - Acquisition plan for the property (ie: Purchase, gift, foreclose, etc.)
  - Program partner the applicant anticipates will hold title prior to demolitions
  - Program award requested, either \$15,000.00 or \$25,000.00





**renew**  
**INDIANAPOLIS**  
a community land bank

**Katy Brett, Executive Director**  
**[RenewIndianapolis.org](http://RenewIndianapolis.org)**

# FAQs



- **Why should blighted or abandoned homes be demolished**
  - Blighted and abandoned homes have a negative impact on our community and lower the property values of surrounding homes. Blighted homes also drain resources for municipal governments. (i.e. Trash, mowing, boarding, police runs, fires, etc)
- **Where will Marion County/City of Indianapolis focus its efforts on demolishing blighted and abandoned homes?**
  - We will receive input and advice from the community and potential “Program Partners” to maximize the score of the application we submit to IHCD in order to receive the most funding available that will make a positive impact on our community.
- **How can I become a partner?**
  - Review the Site Evaluation Matrix which can be found at <http://877gethope.org/blight>
  - Self report and bring to DMD for potential partnership
- **Can I buy the vacant parcel once demolished?**
  - Yes, they will be marketed through Renew Indianapolis (Renewindianapolis.org)
- **How much will a vacant parcel cost to purchase?**
  - Price varies by end user and use when purchased through Renew Indianapolis. Generally the prices range from \$1,000-\$3,000.
- **What data are you using to identify areas of opportunity?**
  - Agencies inside and outside of government have been pooling information and resources to allow DMD the most holistic view of potential demolitions. We thank Citizen’s Energy, Health and Hospital, IMPD, IFD, and the Department of Code Enforcement for their efforts.
- **Will you take my property if I am no longer able to maintain it and pay the taxes?**
  - We would be happy to have a discussion on your particular property to see if it qualifies for this program.
- **How can I become a contractor for this program?**
  - Contact the purchasing division to be identified as an approved vendor

# FAQs



- **How does the City/County receive the funds?**
  - The City and its third party partners will be notified on May 22nd of successful applications
  - The disbursement of funds will be through submissions by the third parties for reimbursement through ICDHA. The exact timing of that process has not been finalized.
- **Why would the City take on more properties that add holding costs?**
  - This is a significant opportunity for the City to remove blighted and abandoned property that lowers property values and attracts crime to the properties.
  - This allows us to strategically demolish property that can be used for redevelopment opportunities
  - With Renew Indianapolis in place to actively market and vet potential purchasers and use, the City feels strongly that these funds are an opportunity to create more marketable parcels.
  - We must be strategic in the identification of which properties to demolish and their end use to reduce the carrying costs of additional properties.
- **What is the timeline for the program?**
  - Applications are due to IHCD by 5pm on April 21st
  - The City and its third party partners will be notified on May 22nd of amount awarded
  - DMD is preparing to be as aggressive as possible following notice of successful application.
  - All demolitions must be completed within 18 months of successful application.
  - Outstanding loan balances expire January 1, 2017.
- **Why aren't you demolishing properties in my neighborhood?**
  - Not all areas score on the Site Evaluation Matrix to qualify for funding
  - Properties need to be in concentrated clusters to be included in application
  - We must be strategic in the use of these dollars to demolish properties with potential reuse and revitalization. Not all blight has an identifiable future use.



Email **[Mark.Forcum@indy.gov](mailto:Mark.Forcum@indy.gov)**

**You can send your property list and questions to this email concerning HHF**